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SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana

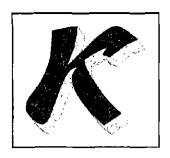
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2007
WITH SUPPLEMENTAL INFORMATION SCHEDULES

Under provisions of state law, this report is a public document. Acopy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/30/08

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana

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Roland D. Kraushaar

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

BOARD OF COMMISSIONERS SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana

I have audited the accompanying financial statements of Sewerage District No. 1 of Rapides Parish, a component unit of the Rapides Parish Police Jury, as of and for the year ended December 31, 2007, as listed in the forgoing table of contents. These financial statements are the responsibility of management of the District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and with Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sewerage District No. 1 of Rapides Parish at December 31, 2007, and the results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 17, 2008, on my consideration of the internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

The financial information for the preceding year which is included for comparative purposes was taken from the financial statements for that year in which I expressed an unqualified opinion.

My audit was made for the purpose of forming an opinion on the financial statements. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of Sewerage District No. 1 of Rapides Parish. Such information has been subjected to the procedures applied in the audit of the financial statements and in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Roland D. Kraushaar CPA

June 17, 2008

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana

BUSINESS-TYPE ACTIVITIES

COMPARATIVE BALANCE SHEET December 31, 2007 and 2006

	2007	2006
ASSETS:		
Cash and cash equivalents	\$ 504,654	\$ 415,487
Receivables:		
Accounts (net)	14,797	12,643
Special Assessments (net)	1,871	3,282
Accrued interest	2,208	2,953
Fixed Assets (net)	2,283,319	2,383,718
TOTAL ASSETS	\$ 2,806,849	\$ 2,818,083
Liabilities: Accounts payable Deposits payable	\$ 5,992 16,668	\$ 25,058 16,629
Deferred revenues	13,194	10,806
Total Liabilities	\$ 35,854	\$ 52,4 <u>93</u>
Fund Equity:		
Contributed capital	\$ 1,657,473	\$ 1,727,761
Retained earnings	1,113,522	1,037,829
Total Fund Equity	\$ 2,770,995	\$ 2,765,590
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,806,849	\$ 2,818,083

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana BUSINESS-TYPE ACTIVITIES

Comparative Statement of Revenues, Expenditures, and Changes in Retained Earnings For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Sewerage service and tap fees	<u>\$ 418,332</u>	<u>\$ 414,264</u>
<u>EXPENSES</u>		
Public works-sanitation-sewerage collection		
and disposal:		
Current:		
Personal service - per diem	\$ 9,000	\$ 8,550
Operating service	319,811	317,595
Material and supplies	-	4,568
Depreciation	102,116	102,122
Total operating expenses	<u>\$ 430,927</u>	\$ 432,835
OPERATING INCOME (LOSS)	<u>\$ (12,595)</u>	\$ (18,571)
NONOPERATING REVENUES(EXPENSES)		
Interest earnings	\$ 16,030	\$ 14,411
Special assessments fees	1,058	-
Recovery of assessments writen off	467	-
Miscellaneous	445	1,275
Total nonoperating revenues	\$ 18,000	<u>\$ 15,686</u>
NET INCOME (LOSS)	\$ 5,405	\$ (2,885)
ADD DEPRECIATION OF FIXED ASSETS ACQUIRED WITH CONTRIBUTED CAPITAL	70,288	70,293
NET INCREASE (DECREASE)		
IN RETAINED EARNINGS	\$ 75,693	\$ 67,408
RETAINED EARNINGS AT BEGINNING OF YEAR	1,037,829	970,421
RETAINED EARNINGS AT END OF YEAR	\$ 1,113,522	\$ 1,037,829
See notes to financial statements		

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana BUSINESS-TYPE ACTIVITIES

Comparative Statement of Cash Flows For the Years Ended December 31, 2007 and 2006

	2007	<u>2006</u>
Cash flows from operating activities:		
Cash from operating revenues	\$ 418,566	\$ 411,185
Cash for operating expenses	(347,877)	(309,804)
Net cash provided (required) by operating activities	\$ 70,689	\$ 101,381
Cash flows from non capital financing activities		
Special assessments and interest	\$ 1,058	\$ -
Increase (decrease) in customer deposits	39	8,559
Miscellaneous	912	1,274
Net cash provided (used) by non capital financing activities	\$ 2,009	\$ 9,833
Cash flows from capital and related financing activities		
Contribution from Rapides Police Jury	\$ -	\$ 984,063
Sewer System Improvements	(1,718)	(993,998)
Cash from debt service funds	1,411	2,238
Net cash provided (used) by capital and related activities	\$ (307)	\$ (7,697)
Cash flows from investing activities		
Interest on investments	\$ 16,030	\$ 14,411
(Increase) decrease in accrued interest	746	(1,057)
Net cash provided(used) by investment activities	\$ 16,776	\$ 13,354
Net increase (decrease) in cash and equivalents	\$ 89,167	\$ 116,871
Cash and equivalents at beginning of year	415,487	298,616
Cash and equivalents at end of year	\$ 504,654	\$ 415,487
Reconciliation of operating income (loss) to net cash provided (required) by operating activities		
Operating income (loss)	<u>\$ (12,595)</u>	\$ (18,571)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	\$ 102,116	\$ 102,122
Change in assets and liabilities:	.	
(Increase) decrease in receivables	(2,154)	(4,574)
Increase (decrease) in deferred revenues	2,388	1,495
Increase (decrease) in accounts payable	(19,066)	20,909
Total adjustments	\$ 83,284	\$ 119,952
Net Cash provided (required) by operating activities	\$ 70,689	\$ 101,381
See notes to financial statements		

Alexandria, Louisiana
Notes to the Financial Statements
December 31, 2007

INTRODUCTION

Sewerage District No. 1 of Rapides Parish was created by the Rapides Parish Police Jury under the authority of Louisiana Revised Statutes 33:3881 to manage and operate sewerage systems within the District not served by municipal systems. The District is governed by a three-member board appointed by the Rapides Parish Police Jury. At December 31, 2007, the district has approximately 1,253 customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Rapides Parish Police Jury is the financial reporting entity for Rapides Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Rapides Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- 1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or

Alexandria, Louisiana
Notes to the Financial Statements
December 31, 2007
(Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- 3. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- 4. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the board and has the ability to impose its will on the District and there exists the potential for the District to provide specific financial benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the Rapides Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The District is organized and operated on a fund basis whereby a self-balancing set of accounts (Business-Type Activities) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user fees.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Business-Type Activities are accounted for on an economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The Business-Type Activities Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Alexandria, Louisiana
Notes to the Financial Statements
December 31, 2007
(Continued)

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposit accounts. Cash equivalents include amounts in time deposits and other short-term investments. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with any bank domiciled or having a branch office in the state of Louisiana, or other instruments backed by the United States Treasury.

These investments, stated at cost are classified as cash equivalents if their original due dates are 90 days or less.

F. FIXED ASSETS AND LONG TERM LIABILITIES

Fixed assets and accumulated depreciation of the District are included on the balance sheet of the Business-Type Activities. Fixed assets are valued at historical cost or fair market value at the time of donation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful life (45 years) of the sewerage system and (5 years) for all other equipment. The District has no long-term liabilities.

G. FUND EQUITY - CONTRIBUTED CAPITAL

Contributed capital represents sewerage facilities donated by developers and the Rapides Parish Police Jury. Contributed capital is amortized based on the depreciation recognized on the related capital assets. Depreciation is closed to the contributed capital account and is reflected as an adjustment to the net income/(loss) on Statement B.

H. BAD DEBTS AND ALLOWANCES

Uncollectible amounts due for customers' utility receivables are recognized as bad debts when they become 120 days old. As of December 31, 2007, the District established an allowance for uncollectible accounts of \$6,452.

Alexandria, Louisiana
Notes to the Financial Statements
December 31, 2007
(Continued)

2. CASH AND EQUIVALENTS

At December 31, 2007, the District has cash and cash equivalents (book balances) as follows:

Petty Cash	\$ 100
Demand deposits	150,895
Money market accounts	46,491
Treasury bills	307,168
Total	<u>\$ 504,654</u>

Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Cash (bank balances) totaling \$ 197,386 at December 31, 2007, is entirely insured by federal deposit insurance or securities pledged by the fiscal agent bank. (GASB Category 1).

Under state law and in accordance with the District's investment policy, cash equivalents totaling \$307,168 at December 31, 2007, is comprised of United States Treasury Bills. Since these treasury bills are obligations of the Federal government and are being held by the broker dealer in the name of the District, they are considered insured and registered (GASB Category 1).

Alexandria, Louisiana
Notes to the Financial Statements
December 31, 2007
(Continued)

3. FIXED ASSETS

A summary of fixed assets and related depreciation at December 31, 2007 follows:

	<u>Cost</u>	Accumulated <u>Depreciation</u>	Net
Land	\$ 28,570	\$ -	\$ 28,570
Sewerage System	\$ 4,776,750	\$ 2,493,431	\$ 2,283,319

4. CONTRIBUTED CAPITAL

A summary of changes, and the effects of the changes, in contributed capital follows:

Contributed Capital: Beginning of Year Additions Deductions:	\$ 1,727,761 -
Depreciation charged Against contributions	(70,288)
End of Year	\$ 1,657,47 <u>3</u>

Alexandria, Louisiana Notes to the Financial Statements December 31, 2007 (Continued)

5. SPECIAL ASSESSMENTS

The special assessments of the Governmental Fund Type – Debt Service Fund totaling \$85,008 were transferred to the Business-Type Activities Fund with an offset for the uncollectibility of the accounts during 2002. These accounts are delinquent and have been referred to legal counsel for collection. The District's legal counsel has initiated legal action against the property owners and is in the process of collecting the delinquent assessments. The balance on these assessments and the offset amounts was \$77,034 at December 31, 2007.

The Gardner Sewer System was accepted into the District under the condition that the system be brought up to standards in 1999. In order to accomplish this the District financed the project after a vote of the owners agreeing to a special assessment against their properties for the major part of the cost. Liens were recorded against the properties in the amount of \$ 37,571 with an outstanding balance of \$1,871 at December 31, 2007. There has been no allowance set up on these accounts as the property is pledged to cover these amounts.

6. RISK MANAGEMENT

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The District has obtained commercial insurance for the aforementioned risks and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana SUPPLEMENTAL INFORMATION SCHEDULE December 31, 2007

SEWERAGE DISTRICT NO. 1 OF RAPIDES PARISH RAPIDES PARISH POLICE JURY Alexandria, Louisiana SUPPLEMENTAL INFORMATION SCHEDULE December 31, 2007

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of Louisiana Legislature.

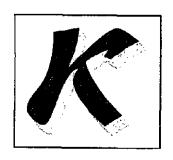
In accordance with Louisiana Revised Statute 33:3887, each board member is to receive a maximum per diem of \$90, for each board meeting they attend, not to exceed 24 regular and 12 special meetings per year.

Schedule of Per Diem Paid Board Members December 31, 2007

	Number	<u>Amount</u>
Ubie Johnson	36	\$ 3,240
Richard Vanderlick	32	2,880
Bob Wooley	32	_2,880
Total		<u>\$ 9,000</u>

Independent Auditor's Reports Required By Government Auditing Standards

The following independent auditor's reports on internal control and compliance are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



Roland D. Kraushaar

Certified Public Accountant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Sewerage District No. 1 of Rapides Parish Alexandria, Louisiana

I have audited the financial statements of the Sewerage District No. 1 of Rapides Parish as of and for the year ended December 31, 2007, and have issued my report thereon dated June 17, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Sewerage District No. 1 of Rapides Parish's internal control over reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sewerage District No. 1 of Rapides Parish's internal control over financial reporting

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organizations's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sewerage District No. 1 of Rapides Parish's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Roland D. Kraushaar

Certified Public Accountant

June 17, 2008